

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

In the Matter of the Application of Southern California Gas Company (U 904 G) Regarding Year Eight (2001-2002) of Its Gas Cost Incentive Mechanism.

Application 02-06-035
(Filed June 17, 2002)

FURTHER REVISED SCOPING MEMO AND RULING OF THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE REGARDING YEAR EIGHT OF THE GAS COST INCENTIVE MECHANISM

Summary

Southern California Gas Company (SoCalGas) filed its Year Eight Gas Cost Incentive Mechanism (GCIM) application on June 17, 2002. Southern California Edison Company (SCE) filed a protest to the application on July 26, 2002.¹ A prehearing conference was held on November 6, 2002 to discuss whether the issues raised by SCE in its protest to the application should be examined in this application or elsewhere, and to determine the procedural schedule for processing this application.

A scoping memo and ruling was issued on January 16, 2003. The scoping memo and ruling identified two issues in this proceeding, determined that no evidentiary hearings were required, and proposed that a draft decision be issued on the two issues. On March 18, 2003, a revised scoping memo and ruling was

¹ A response to the application was filed by the Office of Ratepayer Advocates (ORA) on July 25, 2002, and a reply to SCE's protest was filed by SoCalGas on August 5, 2002.

issued which determined that due to the potential impact of Order Instituting Investigation (I.02-11-040) on the shareholder award amount requested in this proceeding, the process and schedule set forth in the January 16, 2003 scoping memo and ruling should be revised. The revised scoping memo and ruling determined that further processing of the application should take place after a Commission decision or ruling on SoCalGas' actions during the period covered by I.02-11-040 has occurred.

Today's scoping memo and ruling determines that a draft decision addressing the Year Eight GCIM should be issued for comment before the issues in I.02-11-040 are resolved, and that any shareholder award should be made subject to refund or adjustment.

Background

The background regarding the Year Eight GCIM application is set forth in the January 16, 2003 scoping memo and ruling, and in the March 18, 2003 revised scoping memo and ruling.

After the issuance of the revised scoping memo and ruling, SoCalGas requested an individual ex parte meeting with the assigned Commissioner. The meeting took place on April 21, 2003. At that meeting, SoCalGas discussed the revised scoping memo and ruling and that the GCIM award could be made subject to refund, and asked the assigned Commissioner to reconsider her position. Notice of the individual ex parte meeting, and a notice of ex parte communication were provided by SoCalGas as required by the Commission's rules.

Further Revised Scope and Schedule

Upon further consideration, the process outlined in the January 16, 2003 scoping memo and ruling should be followed. That is, a draft decision should be

prepared which addresses the request of SoCalGas for a shareholder award in the Year Eight GCIM proceeding.

No evidentiary hearings are required since no one contests the way in which the shareholder award was calculated for Year Eight. Also, the concerns about the way in which the GCIM is structured, and whether SoCalGas' operations amounted to market power, anticompetitive behavior, or was a cause of the high gas prices experienced in late 2000 through spring 2001, will be addressed in I.02-11-040.

Even though I.02-11-040 has not yet resolved the issues within the scope of that investigation, a draft decision on the Year Eight award can still be issued since any award could be made subject to refund or adjustment.

Accordingly, the process for addressing SoCalGas' Year Eight application should proceed with the issuance of a draft decision for comment by the parties. Any award that the draft decision might recommend should be made subject to refund or adjustment because of the pending issues in I.02-11-040.

IT IS RULED that the January 16, 2003 scoping memo and ruling, and the March 18, 2003 revised scoping memo and ruling shall be revised, as discussed in this ruling, by proceeding with the issuance of a draft decision that addresses the request of the Southern California Gas Company for a Year Eight Gas Cost Incentive Mechanism shareholder award.

Dated May 21, 2003, at San Francisco, California.

/s/ LORETTA LYNCH

Loretta Lynch
Assigned Commissioner

/s/ JOHN S. WONG

John S. Wong
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Further Revised Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge Regarding Year Eight of the Gas Cost Incentive Mechanism on all parties of record in this proceeding or their attorneys of record.

Dated May 21, 2003, at San Francisco, California.

/s/ ELIZABETH LEWIS
Elizabeth Lewis

N O T I C E

Parties should notify the Process Office, Public Utilities Commission, 505 Van Ness Avenue, Room 2000, San Francisco, CA 94102, of any change of address to insure that they continue to receive documents. You must indicate the proceeding number on the service list on which your name appears.

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